

Module 3:

**PRACTICAL TECHNIQUES FOR IMPROVING
CROSS-CULTURAL NEGOTIATIONS**



unitar

United Nations Institute for Training and Research

Module 3 Contents:



- Course Objectives
- **MODULE CORE TEXT**
 - Why Negotiate?
 - The Four Phases of Negotiation
 - Recognizable Patterns
 - Characteristics of Negotiation
 - Factors Influencing Negotiations
 - Negotiation: A Tool for Building Bridges
 - The Practical Rudiments of Negotiation
 - Tool A: Preparation for Negotiation
 - Tool B: Effective Listening
 - Tool C: Reframing
 - Tool D: Reaching Agreements
 - Why does Culture Matter?
 - Some practical tools in Cross-Cultural Negotiations for International Negotiators
 - Developing Effective Interpersonal Communication Skills
 - Building Working Relationships



MODULE OBJECTIVES

After reading this module, the participant will:

- Explain the raison d'être for conducting negotiations.
- Summarize the phases of negotiation.
- Examine the practical issues when dealing with preparation, listening, reframing and reaching agreements in a cross-cultural negotiation context.
- Analyze effective interpersonal communication skills when dealing with culturally-diverse negotiators.



MODULE CORE TEXT

Why Negotiate?

The world is full of countries that prove the precept that those that live closer to the principles of free trade do better than those who have abandoned them. The famous economist Adam Smith spent 12 years, up until 1776 writing his seminal piece 'An Inquiry into The Nature and Causes of the Wealth of Nations'. In it he remarked on the propensity to truck, barter and exchange - which he found to be common to all people on the planet and yet was not present in any other species. Smith wrote:



“Nobody ever saw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever saw one animal by its gestures and natural cries signify to another, this is mine; that is yours, I am willing to give this for that.”

If you want to trade you have to negotiate, the alternative is to accept what you are offered. There are many opportunities to negotiate better deals and terms, however these chances are often missed because neither side makes it clear that negotiating is an option.

Many people wrongly assume that nothing is negotiable unless the other party indicates that this is the case - a more realistic view is that everything is negotiable, in order to be effective you will need effective negotiating skills.

The Four Phases of Negotiation



The complexity of the negotiating process will vary according to the size and complexity of the proposed deal as well as the attitudes adopted by the parties involved. This module provides an overview of a comprehensive and detailed approach, which should be tailored to suit the needs of each particular negotiation. It is worth remembering that the time and effort that you invest in any round of talks should reflect the potential benefit that can be gained from them.

Nearly all negotiations are characterized by *four phases* - preparation, opening, bargaining and closing. In large scale negotiations each of these phases are normally tackled sequentially. However, in smaller scale negotiations it is quite common for these phases to merge - possibly into a single unstructured process. Where this is the case, a good understanding of the logic that underpins the four phase approach can guide you, even when you are negotiating smaller deals.

Preparation involves information gathering - knowing the state of the market, being aware of the supply and demand status, being aware of any current or imminent discounts and special offers and so on.

The **opening** phase of a negotiation involves both sides presenting their starting positions to one another. It usually represents the single most important opportunity to influence the other side.

In the **bargaining** phase your aim is to narrow the gap between the two initial positions and to persuade the other side that your case is so strong that they must accept less than they had planned. In order to do this you should use clearly thought out, planned and logical debate.

The **closing** phase of a negotiation represents the opportunity to capitalize on all of the work done in the earlier phases. The research that you have done in the preparation phase, combined with all of the information that you have gained since should guide you in the closing phase.

Recognizable Patterns

In practice negotiations can be a messy business - there are no hard and fast rules. Human behavior plays a strong part in any negotiation process - varying attention spans, deviations and interruptions are just a few of the hurdles, as are a whole range of emotional responses - from the silent sulk to the aggressive outburst.

However in all this chaotic human interaction there are underlying and recognizable patterns. A successful negotiator recognizes these patterns and

identifies alternative courses of action that should help him/her to steer a successful path to the outcome that sought.

Characteristics of Negotiation

In business we negotiate with both suppliers and customers. We also negotiate within our organizations, for example with colleagues and team members. We also negotiate across cultures and national boundaries. Think for a minute about the hundreds of deals you make every year - with your boss, your customers, your suppliers and colleagues, foreign officials and customers and others. Whilst there are an infinite variety of negotiation scenarios, most negotiations are defined by three characteristics:



1. There is a conflict of interest between two or more parties. What one wants is not necessarily what the others want.
2. Either there is no established set of rules for resolving the conflict, or the parties prefer to work outside of an established set of rules to develop their own solution.
3. The parties prefer to search for an agreement rather than to fight openly, to have one side capitulate, to break off contact permanently or to take their dispute to a higher authority.

The principles of negotiation are not dependent on the identity of the parties involved, their cultures or the amounts at stake. The skill of negotiation can be applied universally - whether you are seeking a promotion, commissioning a nuclear power plant or making a deal with a foreign party.

Factors Influencing Negotiations

The actual negotiation process depends on the following factors:

1. The goals and interests of the parties
2. The perceived interdependence between the parties
3. The history that exists between the parties
4. The personalities/culture of the people involved
5. The persuasive ability of each party

Negotiation is a complex communication process, all the more so when one round of negotiations is just an episode in a longer-term commercial or political relationship. In these situations considerations about the longer

term relationship will influence any specific round of talks - and reduce the tendency to maximize short term gain at any expense.

Negotiation: A Tool for Building Bridges

From resolving a labor dispute to orchestrating a merger to getting a new company off the ground, negotiation plays a vital role in nearly every facet of business or international affairs. This course is intended to provide government officials and other practitioners with skills for effective deal-making (across cultures) that create value and relationships on a sustainable basis.



Professor Sebenius from the Harvard Business School has created a model that is now referred to as the 'Three-dimensional Negotiation Model'. According to Sebenius, the first dimension of negotiation is by far the most familiar and the subject of most academic study, consisting mainly of "interpersonal process and tactical actions at the bargaining table" (whether literally, on the phone, or via some other connection). This can involve setting a positive atmosphere, displaying cultural sensitivity, establishing trust, enhancing communication, fostering creativity, framing an approach attractively, and generally being persuasive. In addition, it can include deciding who should make an opening offer and when, how high or low it should be, and the dynamics of successive counteroffers.

The second dimension, drawing on trade and contracting theories, moves from a pure process focus to substance: the principles of designing agreements that create value and are sustainable. Inexperienced negotiators, says Sebenius, often unconsciously limit themselves to a one-dimensional process of sitting at the bargaining table and concentrating only on matters such as cost or price. They may understand the importance of interpersonal interaction, of setting the atmosphere, and of thinking through offers and counteroffers. But their narrow focus on a battle of bargaining positions at the table can blind them to a richer set of interests at stake.

Two-dimensional negotiators search for the deeper interests that underlie the parties' positions. During a seemingly intractable dispute over the Sinai, Sebenius points out, negotiators concluded that the Israelis cared more about security, while the Egyptians were more concerned about sovereignty. The solution was to establish a demilitarized buffer zone under the Egyptian flag rather than continue a vain zero-sum search over where to draw the boundary line in the sand.

Although shared interests matter, Sebenius says, skilled two-dimensional negotiators realize that the different but complementary interests of each party can be the source of greatest joint gains. In the Sinai case, the two

sides probed and found different priorities for security versus sovereignty. In skilled hands, this process of "deal crafting" can generate value not only from differences in the parties' interests but also from differences in their forecasts of future events (such as the profitability of a business being sold), attitudes toward risk and time, tax and regulatory status, market and technological knowledge and access, and so on.

The third dimension of effective negotiation has enormous potential but is far less understood or utilized in practice. It consists of actions to set up and modify the architecture of the negotiation itself – that is, to determine who takes part under what expectations, the sequence in which they are brought into the process, what issues will be brought up and in what order, and what set of no-deal alternatives face the participants. Its most familiar element involves what each party will do if there is no deal – in other words, "the best alternative to negotiated agreement" or BATNA (a term coined by Harvard Law School professor emeritus Roger Fisher and William L. Ury of Harvard's Program on Negotiation).

"BATNAs set the threshold for value that a deal has to exceed," Sebenius notes. "You don't want to get too caught up in the seductive details of a negotiation process when often the better question is, 'Is a deal possible at all?' or 'Might a much more attractive deal be possible with another buyer, investor, supplier, or alliance partner?'" Rather than expend efforts at the table seeking to improve a potential deal, more sophisticated negotiators carefully assess whether those same efforts might be better spent away from the table generating competing offers or involving other parties – that is, enhancing one's BATNA. Of course, a good BATNA may provide added leverage, since there is a great deal of perceived power in a party's willingness or apparent willingness to walk away.

As an example of a complex three-dimensional negotiation, Sebenius cites the case of Kennecott Copper Corporation. Faced with a possible government takeover of its mines in Chile a number of years ago, Kennecott knew it had to renegotiate its long-term, low-royalty agreement. A standard one-dimensional process would mainly have engaged the relevant government ministers at the table in a culturally sensitive process. Instead, the company took innovative actions away from the table that significantly improved its negotiating position. "Kennecott involved a variety of other parties it could count on for support," comments Sebenius, "and it changed the nature of Chile's BATNA in favor of the company." Among other tactics, the company offered to sell a majority of its equity stake to the Chilean government and use the proceeds, along with loans guaranteed by Chile and subject to American law, to expand the mine. Kennecott also arranged for an Export-Import Bank loan plus U.S. political risk insurance. The mine's output would then be sold to North American and European industrial customers under long-term supply contracts, with collection rights pre-sold to a consortium of banks in the United States, Asia, and Europe.

Initially, Kennecott's BATNA was akin to a divorce negotiation that risked the loss of its Chilean holdings. But the company gained leverage by transforming a dicey two-party political situation into a multilateral business deal involving a number of players that had strong and stabilizing connections with various non-mining quarters of Chilean life, including the financial, industrial, and legal sectors. These players' support for Kennecott strengthened its BATNA. In contrast, while Chile's BATNA – expropriating the mine – looked appealing at first, the company's efforts ultimately rendered the expropriation option quite unattractive since it would hurt diverse parties on whom Chile would rely in the future. At the same time, Kennecott's proposal for a larger mine with majority Chilean ownership addressed Chile's economic needs for additional revenue and its political interests in maintaining majority control over its natural resources. Although the mine was nationalized in time, Kennecott emerged in much better condition than similar companies that had mainly limited their bargaining strategies to interpersonal tactics at the table.

The language of dimensions underscores how these three negotiation aspects are related and cumulative rather than separate. It is not as if the first dimension (interpersonal process at the table) is bad, while the third dimension (setting up the game or changing it away from the table) is good. It is not as if one could sensibly choose substance (the second dimension) over interpersonal process (the first) or moves away from the table over moves at the table. The most effective negotiators often craft mutually reinforcing moves from each dimension. Although a 3-D strategy like Kennecott's often holds the greatest promise, the third dimension is most frequently neglected.

Sebenius emphasizes the "importance of analyzing how each party's interests and BATNA interact to set up a joint problem. A 3-D negotiator solves that problem beautifully by using both process insight and substantive understanding, by taking actions both at and away from the table, and by playing the given 'game' well and changing it advantageously. Options can be framed in such a way," he continues, "that what you choose in your perceived interest is, in fact, what I want. Ideally, I can build an attractive bridge from where you are now to where I would like you to be." And therein lies the essence of the negotiator's skills.

Principles of Integrative Negotiation

Negotiation is a Relationship Building Process

- Engage in rapport building activities
- Respect the individual values and cultural styles of all participants

Negotiation is a Communication Process

- A good negotiator is a good listener: listen first, problem solve later
- Communicate your own ideas so that others will be able to hear them

- Discuss communication procedures openly

Negotiation is an Educational Process

- Educate first problem solve later
- Educate and be educated by the people with whom you are negotiating
- Educate each other about interests, standards and criteria, data and relevant history

Negotiation is a Problem-Solving Process

- Present issues as mutual problems to be mutually solved
- Work on solving the other people's problems (keeping in view their culture) as well as your own
- Separate the people from the problems
- Identify problems, analyze them, generate options, evaluate options, and then select options

Negotiation is a Principled Process

- Always behave in a principled manner, keeping in mind the culture and values of the other side, this is the ultimate source of your power
- Look for agreements in principle
- Look for objective standards to evaluate options
- Be flexible about options, clear about principles

Negotiation is an Interest-Based Process

- Focus on interests, not positions
- Look for hidden interests, yours and others'
- Consider substantive, procedural, and psychological interests
- Consider the interests that are being protected when impasses occur

Negotiation is a Creative Process

- Develop and use procedures that encourage creativity
- Consider multiple options
- Invent options that provide gains for all parties
- Use the creative work of others
- Use model agreements and single text negotiation documents
- Separate option generation from option evaluation

Negotiation is a Mutual Process

- Negotiate the process in a mutual manner
- Generate, evaluate, and select options in a mutual manner
- Implement and monitor agreements mutually
- Evaluate the negotiation process together

Building Respect

- Rather than resist the force of the other side, channel it into exploring interests, inventing options for mutual gain.
- Do not attack the other side's position - look behind it
- Do not defend your ideas - invite criticism and advice
- Recast an attack on you as an attack on the problem
- Be aware of your own hot buttons

If met with a “No” don’t stop there.

Instead,

Ask “Why? What is your concern?”

Ask for workable ideas

Propose new alternatives

Propose hypotheticals (“So if we met this need, would that do it for you?”)

The Practical Rudiments of Negotiation

As part of this section, we will explore the practical rudiments of: (a) **preparation**; (b) **effective listening**; (c) **reframing**; and (d) **reaching agreements**, keeping in view the cultural sensitivities of parties we are dealing with. The tools provided in this section form part of the basic tool kit that UNITAR has developed. More advanced tools and techniques will be dealt with in other courses.



Tool A: Preparation

Tool B: Effective Listening

Tool C: Reframing

Tool D: Reaching Agreements

Tool A: Preparation for Negotiation

The aim here is to provide a process for preparing for negotiations in order to enhance the opportunity for success. As negotiations increase in formality and in their cultural dimension, correspondingly more preparation and planning are required. However, for any negotiation to be successful, the negotiator must have certain basic information and understanding. This information will be used to analyze the negotiating scenario and to develop a strategy for engaging in productive negotiations with the other party. Sufficient information may be at hand already. Preparation then consists of organizing and structuring what is already known. Larger and more complex cross-cultural or cross-border negotiations may require considerable formal preparation for larger stakes.



The steps for preparation include the following:

1. Assess the feasibility of the negotiation.
 - Identifiable parties who are willing to participate.
 - Interdependence of parties for needs/interests to be satisfied.
 - Readiness to negotiate.
 - Agreement on some issues and interests.
 - Sense of urgency to reach agreement.
 - Willingness to compromise.
 - Resources to negotiate.
2. Make contact with the other parties.
 - Make initial contact(s) in person, by telephone, or by mail.
 - Explain your desire to negotiate and coordinate approaches.
 - Get a sense of the cultural context of the other party.
 - Build rapport and expand relationship.
 - Build personal or organizational credibility.
 - Promote commitment to the procedure.
 - Educate and obtain input from the parties about the process that is to be used.
3. Collect data and do a conflict analysis to help develop strategies.
 - Collect and analyze relevant data about the people, cultural dynamics, and substantive issues involved in the problem.
 - Verify accuracy of data.
 - Minimize the impact of inaccurate or unavailable data.

As part of the preparation, interpreting the data collected is the heart, and probably the hardest part, of the analysis process.

People

The first analysis category is people. In order to participate in effective negotiations, it is important to include people who are essential to the process. Questions to consider in selecting the parties to a negotiation are: who can represent the various interests involved in this issue? What authority do they have? For cross-cultural negotiations, do we have people on both sides who are culturally sensitive negotiators understanding the culture and values of the other side? Who needs to be present? Who might revolt against any proposed process, and how can this reaction be prevented.

Understanding the other parties' issues, interests, settlement options, and means of influence often does not provide enough information for designing a negotiation strategy. The prepared negotiator should also know something about the culture, personality, habits, values, past behaviour, and decisions of the person or persons on the other side of the table.

Issues, Interests, and Positions

A negotiator needs to understand his or her own underlying interests, framing of the issues, and rationale for positions. In addition, he or she needs to speculate on other parties' issues and positions. A negotiator can begin to identify where there are common points of agreement or substantial differences, what issues must be linked, and where partial agreements may be obtained.

Power

Another important area of analysis is the power base of those involved in the negotiation. Power can be defined as the leverage or means of influence each party has. When interpreting power-base data, the negotiator needs to look for the types of power or influence that are potentially available to the parties (both his/her party and the other side), how that power or influence has been exercised (or threatened to be exercised), and the impact such actions might have on the negotiation (in a cross-cultural context). The next question to be answered is, "How can influence be exercised creatively and constructively by and on the participants in the negotiation to move towards a mutually acceptable agreement.

Dynamics

It is useful to assess what pressures are being exerted on the negotiating parties by external (and cultural) factors, such as the political climate, economic conditions, trends in the legal system, interests of influence or authoritative individuals, and public attitude.

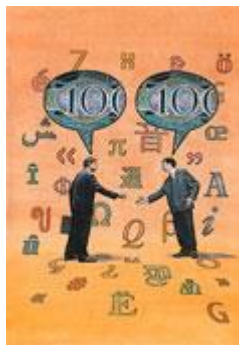
About 'Trust' and 'Respect' in Negotiations

Trust is the degree to which people believe in the honesty and benevolence of their opponents, while *respect* is the degree to which people hold their opponents in high regard for their values. Trust and respect differentially affect the strategies used to negotiate, the rate of impasse, the creativity of agreements, and the way in which the climate is perceived. Cross-cultural studies have found that trust affects the strategies used (which subsequently affects the agreement's creativity), while the respect-trust interaction affects the agreement's creativity directly. In addition, there are independent effects for respect and trust on the perceived climate of the negotiation. Nothing affects the rate of impasse.

Willingness to Negotiate

Information on the alternatives each part has to meet his or her needs, if agreement is not reached through negotiation, may be used to anticipate the party's level of investment in the success of the negotiation. Do the costs of not reaching agreement exceed the benefits of alternative recourse? What is the most likely outcome if the parties do not reach an agreement? How attractive is this outcome?

Tool B: Effective Listening



Listening is different from problem solving and giving advice. When people come to negotiate, they need to be "heard". Listening involves living with the problem for awhile and dealing with it before problem solving. In cross-cultural contexts and negotiations, the negotiators need to take extra care in assuring that the other side gets heard. Through effective listening, a number of cues may come out which may not have been apparent at the outset of the negotiation. This could eventually lead to enhanced relationships, respect and ease in reaching a mutually suited agreement.

In listening (especially across cultures) the key is being genuine!

Effective listening is more than just being quiet and hearing the speaker's words. Active listening is a skill involving the listener's active efforts to receive both verbal and nonverbal messages. When a listener has received a coded message and sent it through his or her translation process, the listener then has four communication choices in order to continue exchanging information.

1. Give a nonverbal, passive response and hope that the speaker will send more information.
2. Acknowledge the receipt of the message but do not make any comment on the content.
3. Actively acknowledge the message by feeding back what has been heard.
4. Actively engage in a dialogue that sends back a message about the listener's concerns and views.

It is important to be cognizant of some familiar problems with active listening, which may occur more often in cross-cultural negotiation settings than in other situations.

1. "I thought I could make them see how untenable their position was by paraphrasing it back to them, and instead the negotiation blew up." Do not try to use active listening to argue speakers out of feelings, subtly nudge speakers toward another position, or initiate problem solving. This is manipulative and can destroy the atmosphere of trust essential to effective negotiations. Active listening is a skill for understanding the speaker.
2. "It feels fake." New behaviour often feels artificial. People become so involved in doing a new process correctly that they forget that the purpose of active listening is to build a relationship with another person. Concentrating on a relationship of acceptance and empathy for the other person helps to make active listening work more smoothly and feels less like a communication technique. The goal is to strive for genuine understanding, not to exercise a technique.
3. "It might put people off." Sometimes active listening can irritate speakers. They feel that they are not getting a genuine response from the listener. If active listening appears to be alienating a speaker and escalating a disagreement, drop it.
4. "What if the message is not clear?" In some messages, the real substance or feelings of the speaker are obscured, intentionally or unintentionally. In this situation, the best approach for the active listener is to feed back the substance or feeling that is closest to what he or she guesses the speaker intends, using either what has been said earlier or knowledge about the past history of the speaker. The active listener can also indicate his or her uncertainty by asking a general question for clarification. The speaker usually corrects the listener and the dialogue moves on.
5. "What if they are angry at me?" When the target of a speaker's feelings is the listener, active listening should be used cautiously, because active listening can be seen as avoidance or evasion of interaction.

Tool C: Reframing

Accurate feedback of the content may eliminate unnecessary conflicts due to misinformation or misperception. Feedback of message in a different form, a process called “reframing”, can often make a problem more manageable in size or scope or acceptable as to tone or value. Restating a problem more positively or in different terms can suggest different (and previously un-thought of) solutions. Several content feedback techniques may be used to broaden, deepen or affirm both the listener’s and the speaker’s understanding of the substance of the coded message.



Feedback techniques may include:

1. Paraphrase - the listener restates the exact meaning of the speaker’s statement using different words. In this instance, the listener is focusing on content and not on feelings.
2. Summarization - the listener condenses the message of a speaker into fewer words and in a more succinct manner.

Sometimes, the speaker’s message is framed in terms that are toxic, positional, too vague, too specific, or unordered. Paraphrasing such a message may keep the communication on a conflictual level or even escalate the conflict. Reframing is used when a form of translation is needed to clarify the speaker’s message and turn it into a more constructive form of communication, especially in cross-cultural negotiation situations. Through reframing, the listener can focus the discussion on the speaker’s underlying interest and help re-present the speaker’s issues in a form that can be effectively addressed.

Reframing techniques include:

1. Expansion - the listener receives a message, expands and elaborates on it, feeds it back to the speaker, and then checks to verify accurate perception of the expanded meaning.
2. Ordering - the listener helps a speaker to order ideas into some form of sequence (historical, size, importance, amount, etc.).
3. Grouping - the listener helps a speaker to identify common ideas or issues and combine them into logical units.
4. Structuring - the listener helps a speaker to organize and arrange his or her thoughts and speech into a coherent message.

5. Separation or Fractionating - the listener dissects an idea or an issue into smaller component parts.
6. Generalization - the listener identifies general points or principles in a speaker's presentation.
7. Positive framing - the listener restates the speaker's statement either in neutral terms or, alternatively, as positively as possible in terms of opportunities for problem solving, including acknowledgement of the speaker's underlying interests.

Tool D: Reaching Agreements

Reaching agreements in groups (including both negotiating parties, that is) is fundamental to the success of a negotiation and to deal making internally as well as across cultures. If parties and individual negotiators are to keep some of the fundamentals of group agreements and how they may be successfully reached, many a negotiations will have mutually favourable outcomes and thus lead to sustainable professional relationships and mutual respect.



Many groups make agreements or decisions either by floundering around until enough participants settle on something or by being pushed into agreement by aggressive leadership. The first instance, floundering, is frustrating, time-consuming, and often results in parties making less than optimum agreements in order to get the process over with. Aggressive leadership produces impressive short-term results but often results in participants feeling railroaded and unenthusiastic about the agreements, which may not be optimum agreements. Professional negotiators sometimes refer to sub-optimal agreements as “leaving something on the negotiating table”. There are a variety of ways for groups to reach agreement and make decisions.

Groups make agreements or decisions in six ways:

1. Fiat - in which an agency or individual with recognized authority issues a decision.
2. Expert - in which an individual or group with recognized expertise on a particular subject has or is given the authority to make a decision or come to an agreement.
3. Delegated Authority - a process in which an individual or group with recognized authority delegates specified decision or agreement making responsibilities to an individual or subgroup within the group. The larger

group or authority does not have to approve every specific decision, as discretion is given to their delegated representative.

4. Voting - a process in which each member of a group expresses his or her opinion, with the majority opinion being declared the winner. Group members may either represent themselves or the viewpoint of a constituency that is not present.

5. Decision by Non-Decision - a condition in which either indecision or failure to decide within a given time frame results in a de facto decision.

6. Consensus - a process by which a group synthesizes its concerns and ideas to form a common collaborative agreement acceptable to all members.

How decisions are reached and how negotiation agreements concluded - both internally and externally - will have a direct bearing on the quality of the outcome and on future prospects for deal making. A negotiator who has to operate across cultures has in particular to understand the decision making dynamics both internally (within his/her team) and externally in relation to the other cultural setting.

Why does Culture Matter?



The main premise of this course is that national culture matters when parties negotiate. Yet as technology makes our world smaller and smaller, some analysts argue that we are moving rapidly towards one global culture, especially in the context of business. As English language has come to dominate global business transactions, will not Western negotiation strategies soon dominate global transactions? Isn't it just a matter of time until the culture of negotiation is direct confrontation and direct information sharing, where self-interests motivate targets and outcomes. The answer is probably not, and there are several reasons why not.

Cultural differences in negotiation strategy are not trivial. There is quite a bit of evidence that culture affects the way people negotiate. There are cultural differences in negotiators' goals (self-interests versus collective interests), their conception of power (status versus BATNA), their use of influence (sparingly versus strongly), and the way they share information (direct versus indirect). There are cultural differences in negotiators' preferences for direct and indirect confrontation when resolving disputes and in their willingness to participate meaningfully in multicultural settings. There are cultural differences in the contexts in which negotiations occur, especially in the role of government. There are good reasons for these cultural differences that make it unlikely that Western negotiation strategies will dominate global negotiations.

Cultural differences in negotiation strategy are tied to cultural norms for interaction in interpersonal situations that are not limited to economic activity. For example, cultural norms govern interpersonal relations in the family, in the community, in schools, and in social and political organizations. A shift in negotiating strategy to resolve a problem cross-culturally is not likely to generalize to economic or non-economic interactions at home and in the community.

If you are to be an effective negotiator in a global environment, reaching integrative agreements and claiming distributive value, you are going to have to recognize that culture does matter and be prepared for cultural differences at the negotiation table.

Excellent cross-cultural negotiators know that to make deals, resolve disputes, and reach decisions across cultural boundaries, they must exercise strategic flexibility. Although culture will very likely affect negotiators' interests and priorities, negotiators need do nothing out of the ordinary to integrate those interests once they understand them. It is the process of understanding negotiators' interests that is likely to require strategic flexibility when negotiating across cultures. So long as strategy stays within ethical boundaries, excellent cross-cultural negotiators are less concerned how their interests are met than that their interests are met.

Some practical tools in Cross-Cultural Negotiations for International Negotiators

Like in any type of negotiation, cross-cultural negotiation involves five key components:

- the parties involved
- the interests involved
- the relationship between parties
- their interactions throughout the negotiation process
- the results achieved



The cultural aspect of negotiation adds an additional dimension to the equation. To effectively negotiate such negotiations and reach mutually acceptable agreements and to sustain long-term relationships which are based on trust and respect, you need to:

- prepare in advance and place specific emphasis on understanding the cultural aspect of the international negotiation
- manage yourself (your emotions and behaviour) during negotiations
- interact with your counterpart(s) in a productive way, using effective interpersonal communication skills and building a good working relationship
- use the interest-based approach to negotiations, as outlined earlier

Negotiating across cultures has become a natural and inevitable part of our work with the pace of globalization that is currently taking place. With careful, thoughtful self-preparation, and by following the negotiation process outlined in this course, you are more likely to resolve delicate issues in negotiations and achieve the following constructive outcomes:

With negotiation:

- Bring to the surface and clarify important issues.
- Generate improved, more creative solutions.
- Reach mutually acceptable agreements that meet your key interests and those of your counterpart(s).
- Strengthen your working relationship with your counterpart(s) as you honestly and respectfully negotiate your differences.

Developing effective interpersonal communication skills and building working relations is key to successful and sustainable cross-cultural negotiations. Effective communication and interpersonal skills are essential in the following ways:

- Demonstrating respect for the other party is a critical factor in constructive international negotiations.
- The more information each side has about the interests and needs of the other, the more likely both sides are to reach a mutually acceptable solution.
- A problem-solving approach that emphasizes collaboration rather than competition is more likely to result in a positive outcome.

When negotiating, it is essential that you express your interests and needs clearly, understand the interests and needs of the other side as well, and use your joint problem-solving skills to reach an acceptable solution. These assumptions set the stage, but the communication skills described below are essential. Although they do not necessarily come naturally, they can be learned and must be practiced.

Developing Effective Interpersonal Communication Skills

1. As described earlier in this course, **be an active listener.**

Listening is labour-intensive. Active listening requires a clear focus on understanding the speaker's message. In cross-cultural negotiation situations, people all too frequently may begin to frame their responses before the other party has finished speaking, impeding their ability to fully comprehend what is being said and inviting miscommunication based on incomplete messages. Developing your listening skills can help you:



- Prevent misunderstandings and clarify, paraphrase, and summarize what you think you heard. This increases your understanding while letting the other side know you are really listening.
- Demonstrate respect by listening attentively without giving ground on the issue.
- Receive accurate and specific information and explore for more details. This helps you formulate a more precise definition of the problem and more precise options for solutions.
- Understand your opponents while allowing them to express thoughts in their own way.

The human brain processes information four to ten times faster than the speed of speech. This means that your mind has time to wander when you are listening. It takes focused concentration to stay with the speaker and his or her message and avoid jumping ahead to think about proposed solutions, objections, or additional topics. You must overcome both internal and external distractions and focus your energy and attention on fully understanding the meaning of what is being said to you, not on what you want to say next.

2. Use questions.

Questions are interventions. They require the person answering to organize his or her thoughts on the subject and then frame a response. Asking appropriate questions can help you:

- Gain more information.
- Refocus a discussion.
- Reorient a potential attack or escalation in the negotiation.
- Show respect for and interest in your opposition's views.
- Introduce information as well as options for solutions.

Be careful, however, not to ask leading questions that contain an implied answer.

3. State your interests, needs and goals.

A clear, specific statement of your interests, needs, and goals allows your opposition to be clear about what you expect from the negotiation process as well as what needs or interests must be satisfied for a solution to be acceptable. The more completely you analyze the situation and identify your underlying interests and logic, the more clearly you can state your case.

4. Set a constructive tone.

Emphasize positive intentions whenever possible, for example, “I am confident that we can reach an acceptable solution during the course of this negotiation”. The use of the word “we” also conveys an important message by conveying that the negotiation is a joint process, not something that one of you will impose on the other.

5. Acknowledge and validate the other person’s perceptions.

Validating your opponents’ perceptions does not imply that you agree with or accept them. It does, however, let them know that you have heard and respect their perspective. It also relieves them of the need to make the same point over and over, because they know you have heard and understood them.

6. Improve your understanding of the opposition.

Some of the most successful cross-cultural negotiators are those who can form a relationship with the other side for the specific purpose of joint problem-solving and reaching mutually acceptable solutions. This requires the ability to imagine oneself in the other person’s position and to have a sharpened awareness of the other sides’ cultural setting, including constraints. This also requires you to better understand the other sides’ interests, needs, and, perhaps, constituencies. How would you be thinking, planning, reacting if you were on the other side of the table? Developing this deeper understanding of the opposition improves your ability to generate mutually acceptable options and solutions - ones that you would accept if you were in your opponent’s shoes.

7. Provide constructive feedback.

As you actively listen, explore, and assess what you hear from the other side, you must also provide feedback. This may concern the other side’s stated interests and demands (content), or its behaviour and responses (process) during the actual negotiation. Feedback is most useful when it is:

- Specific rather than general.

- Focused on actions, not attitudes, so be specific and focus on observable behaviours, not feelings and attitudes.
- Well-timed and focused on the issue under discussion.
- Checked for clarity and understanding.

8. De-escalate tension and conflict if it arises.

No matter how well prepared you are, there may be times during a cross-cultural / international negotiation when tensions begin to escalate. Once anger is expressed, it tends to build unless one or both parties actively attempt to diffuse or de-escalate the emotional tension. In order to de-escalate tension and conflict, try to:



- Speak slower and, if the tone and volume of the opponent are rising, speak softer.
- Remind yourself: “We can find a solution that we both agree on.”
- Ask for a break to collect your thoughts. This is not a sign of weakness and will allow you to refocus, analyze what is occurring, and prepare a substantive, effective response.
- Breathe.
- Watch your language. Do not use words that can escalate a conflict such as never/always, no/ will not, must / must not.
- Acknowledge and validate the opposition’s position.
- Listen to your voice. Is it high-pitched? Tense?
- Check that you are still listening to the other party.

The ability to maintain composure is critical to your success as a negotiator. It is especially important if the opposition is turning up that heat and directing anger toward you. Provide your opponent constructive, specific feedback regarding his/her behaviour and its observable effects on the negotiation process. If this does not improve the situation, it is better to suggest a break until you can all cool down, and gather your thoughts than to risk having the negotiation quickly deteriorate.

9. Avoid judging, criticizing, and/or blaming others.

While it seems obvious that these behaviours should not be used in negotiation, these roadblocks to communication occur frequently during heated negotiations. When you feel anxious or vulnerable, you are more likely to look for an explanation based on the shortcomings of the opposition. These are understandable and acceptable feelings, however, when you act on such feelings and become judgmental, critical, and blaming, you reduce your effectiveness as a negotiator. Ironically, these very responses to feelings of vulnerability serve to make you truly

vulnerable. And they can seriously undermine your effectiveness in a cross-cultural setting.

When emotions cloud your thinking, you are less able to represent the interests and needs of those you seek to support. It is usually a signal that you are losing ground in a negotiation if you stop attacking the issues and start attacking the person. If you hear yourself doing this, take a break or use one of the methods listed above to diffuse the situation. The situation is not likely to improve by itself, you need to actively change the course of your behaviour.

10. Overcome past negative history with the opposition.

Emphasizing your positive intentions and expectations is especially important when your prior interactions, history, and/or negotiations with the opposition have been negative, particularly if you have made numerous unsuccessful attempts to resolve issues and they were laden with intense emotion or resulted in negative outcomes. There is no miracle cure for this situation but one thing is fairly certain: if you do not make adjustments to the way you interact with the opposition, you will likely continue to have negative results.

One helpful technique is to acknowledge, up front, your difficult history together and be specific about your goals and expectations for this particular interaction. By specifically setting the boundaries and a confident expectation of success, you convey that you are ready to do business in a constructive manner.

The real challenge is to stay positive and focused on the specifics of the discussion, and not to give in to the very human tendency to bring up past insults, grievances, and unresolved issues. Reaching agreement on one, specific issue can help pave the way for an improved working relationship and improved negotiations on more substantive issues in the future. It is always helpful to establish and emphasize common ground whenever possible.

Building Working Relationships



Negotiation requires that the parties involved address substantive differences in an open, frank, and non-combative manner. In order to interact with each other in a constructive way, the participants must build mutual trust and develop a working relationship, irrespective of whether they come from the same or from drastically different cultural backgrounds. Some working relationships will be closer, more resilient, and more productive than others, depending on the nature and intensity of the bond between the individuals involved. All good working relationships, however, personal or professional, lifelong or brief, require the following:

- Focused attention and effort
- Trust
- Accountability
- Reciprocity
- An absence of threat or fear
- Effective communication
- Some degree of tolerance for each others perspective

The first step in building a good working relationship is to be conscious of your behaviour and its potential effect on others. Below are some specific techniques to help you develop an effective working relationship with other negotiators, whether they support or oppose your change efforts.

1. Build trust and accountability.

- Trust is built in measures. It requires fulfilling your commitments and keeping your agreements over time. Being punctual at negotiation meetings, respecting the ground rules for the process (i.e. discussion time, courtesy rules, etc.), and respecting any promises of confidentiality regarding the proceedings are all important for building trust. The real test of your trustworthiness, however, will be the extent to which you keep the promises and commitments made during the negotiation process. Be careful to make only those promises and commitments that you can keep. Ensuring you behave in a trustworthy manner and are perceived as such is especially critically when you don't have an exciting relationship with your counterparts.
- Demonstrate your willingness to invest the time, resources, and effort required for a mutually acceptable negotiation.
- Reinforce your interdependence by soliciting your counterparts' inputs and feedback, wherever possible, throughout the negotiation process.

2. Communicate effectively.

Effective communication encourages an open, honest, and constructive dialogue. It is essential for reaching mutually acceptable agreements and building and/or sustaining a good relationship with the opposition:

- Use language that creates and sustains a team mentality by emphasizing shared goals, interests, and expected benefits.
- Be candid in communicating your interests, concerns, and emotions. This is particularly helpful when you sense that your counterparts might be hesitant to share information openly; you can encourage them to be more forthcoming by your example.

3. Demonstrate your understanding and respect for the other side.

Feeling respected is a fundamental human need, and cuts across cultures. The more you explicitly demonstrate your understanding and respect for your counterparts and their underlying needs and interests, the more likely they are to feel comfortable and invested in the negotiation process.

- Be exhaustive in exploring the other side's interests and needs. Assume you do not know enough and ask as many pertinent questions as possible.
- Get to know your counterparts. Schedule an informal meeting, or arrive early and/or stay late during negotiations to allow for some less-structured conversation.
- Be receptive to your counterparts' grievances and criticisms. Not only listen to and validate their concerns, but address them substantively.
- Show that you appreciate the other side's concerns by treating each with the weight it deserves.
- Be open to revising your views.

4. Establish a non-threatening environment.

It is important that you establish a positive, constructive, and congenial environment during the negotiations. This is especially important for cross-cultural negotiations. If your counterparts feel insulted or threatened, they are more apt to withhold information, act defensively, and even terminate the negotiations.

- Attack the issues, not the people who support them.
- If personally attacked, redirect the focus back to the substantive differences and away from personalities. Remember that every form of communication, no matter how unpleasant, provides you with valuable information about your opponents' interests and concerns.
- Demonstrate the same behaviours you expect from the opposition. Avoid direct or indirect manipulative tactics.

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